

RETAIL

US consumers have spent \$1.7T online since COVID-19 began

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Online shopping services are quickly becoming table stakes across the retail sector. Image credit: Adobe

By NORA HOWE

Since March 2020, ecommerce shifted from a convenient alternative to a necessary consumption channel for U.S. shoppers.

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According to recent data from the [Adobe Digital Economy](#) index, U.S. consumers spent \$1.7 trillion online from March 2020 through February 2022 \$609 billion more than 2018 and 2019 combined. Demand remained strong in 2021 with \$885 billion in online spending, up 8.9 percent year-over-year, driven primarily by three categories: grocery, electronics and apparel.

"Ecommerce is being reshaped by grocery shopping, a category with minimal discounting compared to legacy categories like electronics and apparel," said Patrick Brown, vice president of growth marketing and insights at Adobe, in a statement.

"It highlights a shift in the digital economy, where speed and convenience are becoming just as important as cost savings."

The data are based on analysis through Adobe Analytics that covers more than one trillion visits to U.S. retail sites and over 100 million SKUs in 18 product categories.

Online inflation insights are modeled after the U.S. Bureau of Labor Statistics' consumer price index (CPI), as well as the Fisher index to track online prices. Adobe uses a combination of Adobe Sensei, Adobe's AI and machine learning framework to segment the products into the categories defined by the CPI manual.

Consumer behavior

Of the \$1.7 trillion spent online, \$32 billion was spent on the same amount of goods y-o-y due to inflation.

For the beginning of 2022, \$3.8 billion in ecommerce growth was driven by higher prices, as inflation rates hit record highs ([see story](#)).

This trend is unlikely to subside, too, as Adobe expects consumers to pay nearly \$27 billion more online for the

same amount of goods this year. In 2021, nearly half, 41.8 percent, of ecommerce sales were driven by groceries, electronics and apparel.



Online grocery shopping became popular during the pandemic but seems to be sticking. Image credit: Instacart

As stores closures and safety precautions took effect at the start of 2020, the online grocery segment hit \$73.7 billion that year, a 103 percent y-o-y increase.

Further, what started as a necessity is turning into a preferred method of shopping, as \$79.2 billion was spent in online grocery shopping in 2021, up 7.2 percent from 2020.

The grocery sector is now responsible for 8.9 percent of the overall ecommerce share, with consumers spending an average of \$6.7 billion each month for groceries. Adobe expects the category to reach beyond \$85 billion this year.

As ecommerce's largest category, electronics drove \$165 billion in online spending last year, up 8 percent compared to 2020, representing 18.6 percent of the overall ecommerce sector.

Unsurprisingly, electronics remained popular amid the pandemic as more people steered clear of social gatherings and transitioned to remote work models.

Now, U.S. consumers spend an average of \$13.6 billion each month on electronics, up from \$9.9 billion pre-pandemic. Adobe expects the category to reach \$174 billion in 2022.

Inversely, stay-at-home orders caused a slump in demand for the apparel category. The sector experienced slight growth in 2021 at \$126.2 billion, up 8 percent compared to 2020, representing 14.3 percent of the overall ecommerce share.

Adobe suggests that apparel is still a major category for ecommerce as consumers spend an average of \$10.2 billion each month, up from \$8.7 billion pre-pandemic.

As the number of COVID-19 cases in the U.S. remains low and restrictions lift, many consumers, especially younger generations, will likely start "revenge" dressing, which could have a positive impact on apparel's performance in ecommerce. Adobe expects online apparel sales to reach \$130 billion in 2022.



Dopamine dressing is expected to be a major trend in apparel, as consumers look to showcase new styles in a post-pandemic world. Image credit: Pinterest

Video-sharing platform TikTok has quickly climbed the ladder of digital entertainment, but more so has served as a trend incubator over the last year.

From pop-punk fashion to the resurgence of Y2K, TikTok has become a hotbed of fashion inspiration and collaboration, and there are few signs of it slowing down. Based on TikTok activity and click increases, online fashion and lifestyle platform Stylight predicts six major fashion trends this year: checkerboard prints, catsuits, ballet aesthetics, oversized accessories, feathers and subversive basics ([see story](#)).

Seamless retail

In 2020, consumers also began looking for new ways to manage their finances, and buy-now-pay-later (BNPL) options skyrocketed in popularity.

Between October and November 2020, BNPL orders increased 528 percent, with revenue growth of 412 percent. By January and February 2022, growth subsided slightly, but demand remains strong.

While luxury has always been synonymous with exclusivity, it is becoming more accessible for young consumers as flexible payment plans and sustainable values come into play.

According to payment provider Klarna, despite being newer to the luxury category, Gen Z at 60 percent and millennials at 63 percent purchased luxury items at a higher rate over the last 12 months than Gen X at 46 percent and baby boomers at 18 percent due to the flexibility offered by BNPL plans ([see story](#)).

Additionally, methods of fulfillment that were beginning to emerge before 2019, such as curbside pickup and buy online pick-up in-store, erupted due to the pandemic.

Ahead of the curve, Nordstrom first introduced curbside pickup services in 2017 to help ease the stress of holiday shopping ([see story](#)).

Today, curbside pickup accounts for 20 percent of all online orders.